

House File 2459

S-5159

1 Amend the amendment, S-5157, to House File 2459,
2 as amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 20, after line 34 by inserting:

5 <DIVISION ____
6 SALES AND USE TAXES AND THE NATURAL RESOURCES AND
7 OUTDOOR RECREATION TRUST FUND

8 Sec. _____. Section 423.2, subsection 1, unnumbered
9 paragraph 1, Code 2016, is amended to read as follows:

10 There is imposed a tax ~~of six percent~~ at the rate
11 specified in subsection 14 upon the sales price of
12 all sales of tangible personal property, consisting
13 of goods, wares, or merchandise, sold at retail in
14 the state to consumers or users except as otherwise
15 provided in [this subchapter](#).

16 Sec. _____. Section 423.2, subsections 2 and 3, Code
17 2016, are amended to read as follows:

18 2. A tax ~~of six percent~~ at the rate specified in
19 subsection 14 is imposed upon the sales price of the
20 sale or furnishing of gas, electricity, water, heat,
21 pay television service, and communication service,
22 including the sales price from such sales by any
23 municipal corporation or joint water utility furnishing
24 gas, electricity, water, heat, pay television service,
25 and communication service to the public in its
26 proprietary capacity, except as otherwise provided in
27 this subchapter, when sold at retail in the state to
28 consumers or users.

29 3. A tax ~~of six percent~~ at the rate specified
30 in subsection 14 is imposed upon the sales price
31 of all sales of tickets or admissions to places of
32 amusement, fairs, and athletic events except those of
33 elementary and secondary educational institutions. A
34 tax ~~of six percent~~ at the rate specified in subsection
35 14 is imposed on the sales price of an entry fee

1 or like charge imposed solely for the privilege of
2 participating in an activity at a place of amusement,
3 fair, or athletic event unless the sales price of
4 tickets or admissions charges for observing the same
5 activity are taxable under [this subchapter](#). A tax of
6 ~~six percent~~ at the rate specified in subsection 14 is
7 imposed upon that part of private club membership fees
8 or charges paid for the privilege of participating in
9 any athletic sports provided club members.

10 Sec. _____. Section 423.2, subsection 4, paragraph a,
11 Code 2016, is amended to read as follows:

12 a. A tax of ~~six percent~~ at the rate specified in
13 subsection 14 is imposed upon the sales price derived
14 from the operation of all forms of amusement devices
15 and games of skill, games of chance, raffles, and
16 bingo games as defined in [chapter 99B](#), and card game
17 tournaments conducted under [section 99B.7B](#), that are
18 operated or conducted within the state, the tax to
19 be collected from the operator in the same manner as
20 for the collection of taxes upon the sales price of
21 tickets or admission as provided in [this section](#).
22 Nothing in [this subsection](#) shall legalize any games of
23 skill or chance or slot-operated devices which are now
24 prohibited by law.

25 Sec. _____. Section 423.2, subsection 5, Code 2016,
26 is amended to read as follows:

27 5. There is imposed a tax of ~~six percent~~ at the
28 rate specified in subsection 14 upon the sales price
29 from the furnishing of services as defined in section
30 423.1.

31 Sec. _____. Section 423.2, subsection 7, paragraph a,
32 unnumbered paragraph 1, Code 2016, is amended to read
33 as follows:

34 A tax of ~~six percent~~ at the rate specified in
35 subsection 14 is imposed upon the sales price from the

1 sales, furnishing, or service of solid waste collection
2 and disposal service.

3 Sec. _____. Section 423.2, subsection 8, paragraph a,
4 Code 2016, is amended to read as follows:

5 a. A tax ~~of six percent~~ at the rate specified in
6 subsection 14 is imposed on the sales price from sales
7 of bundled transactions. For the purposes of this
8 subsection, a "*bundled transaction*" is the retail sale
9 of two or more distinct and identifiable products,
10 except real property and services to real property,
11 which are sold for one nonitemized price. A "*bundled*
12 *transaction*" does not include the sale of any products
13 in which the sales price varies, or is negotiable,
14 based on the selection by the purchaser of the products
15 included in the transaction.

16 Sec. _____. Section 423.2, subsection 9, Code 2016,
17 is amended to read as follows:

18 9. A tax ~~of six percent~~ at the rate specified in
19 subsection 14 is imposed upon the sales price from
20 any mobile telecommunications service, including
21 all paging services, that this state is allowed to
22 tax pursuant to the provisions of the federal Mobile
23 Telecommunications Sourcing Act, Pub. L. No. 106-252,
24 4 U.S.C. §116 et seq. For purposes of **this subsection**,
25 taxes on mobile telecommunications service, as defined
26 under the federal Mobile Telecommunications Sourcing
27 Act that are deemed to be provided by the customer's
28 home service provider, shall be paid to the taxing
29 jurisdiction whose territorial limits encompass the
30 customer's place of primary use, regardless of where
31 the mobile telecommunications service originates,
32 terminates, or passes through and shall in all other
33 respects be taxed in conformity with the federal Mobile
34 Telecommunications Sourcing Act. All other provisions
35 of the federal Mobile Telecommunications Sourcing Act

1 are adopted by the state of Iowa and incorporated into
2 this subsection by reference. With respect to mobile
3 telecommunications service under the federal Mobile
4 Telecommunications Sourcing Act, the director shall, if
5 requested, enter into agreements consistent with the
6 provisions of the federal Act.

7 Sec. _____. Section 423.2, subsection 11, paragraph
8 b, subparagraph (2), Code 2016, is amended to read as
9 follows:

10 (2) Transfer from the remaining revenues the
11 amounts required under Article VII, section 10, of
12 the Constitution of the State of Iowa to the natural
13 resources and outdoor recreation trust fund created in
14 section 461.31, ~~if applicable~~.

15 Sec. _____. Section 423.2, subsection 14, Code 2016,
16 is amended by striking the subsection and inserting in
17 lieu thereof the following:

18 14. a. For the period beginning July 1, 2017, and
19 ending June 30, 2018, the sales tax rate is six and
20 one-eighth percent.

21 b. For the period beginning July 1, 2018, and
22 ending June 30, 2019, the sales tax rate is six and
23 two-eighths percent.

24 c. For the period beginning July 1, 2019, and
25 ending December 31, 2029, the sales tax rate is six and
26 three-eighths percent.

27 d. Beginning January 1, 2030, the sales tax rate is
28 five and three-eighths percent.

29 Sec. _____. Section 423.5, subsection 1, unnumbered
30 paragraph 1, Code 2016, is amended to read as follows:

31 Except as provided in paragraph "c", an excise tax
32 at the rate of ~~six percent~~ specified in subsection 5
33 of the purchase price or installed purchase price is
34 imposed on the following:

35 Sec. _____. Section 423.5, subsection 5, Code 2016,

1 is amended by striking the subsection and inserting in
2 lieu thereof the following:

3 5. *a.* For the period beginning July 1, 2017, and
4 ending June 30, 2018, the use tax rate is six and
5 one-eighth percent.

6 *b.* For the period beginning July 1, 2018, and
7 ending June 30, 2019, the use tax rate is six and
8 two-eighths percent.

9 *c.* For the period beginning July 1, 2019, and
10 ending December 31, 2029, the use tax rate is six and
11 three-eighths percent.

12 *d.* Beginning January 1, 2030, the use tax rate is
13 five and three-eighths percent.

14 Sec. _____. Section 423.43, subsection 1, paragraph
15 *b*, Code 2016, is amended to read as follows:

16 *b.* Subsequent to the deposit into the general fund
17 of the state ~~and after the transfer of such pursuant to~~
18 paragraph "a", the department shall do the following in
19 the order prescribed:

20 (1) Transfer the revenues collected under chapter
21 423B, the department shall transfer one-sixth.

22 (2) (a) Transfer the applicable percentage
23 as specified in subparagraph division (b) of such
24 remaining revenues to the secure an advanced vision for
25 education fund created in [section 423F.2](#).

26 (b) (i) For the period beginning July 1, 2017,
27 and ending June 30, 2018, the applicable percentage
28 is sixteen and three thousand two hundred sixty-five
29 ten-thousandths percent.

30 (ii) For the period beginning July 1, 2018, and
31 ending June 30, 2019, the applicable percentage is
32 sixteen percent.

33 (iii) For the period beginning July 1, 2019, and
34 ending December 31, 2029, the applicable percentage
35 is fifteen and six thousand eight hundred sixty-three

1 ten-thousandths percent.

2 (c) This paragraph subparagraph (2) is repealed
3 December 31, 2029.

4 Sec. _____. PURPOSE. The purpose of this division
5 of this Act is to provide for the implementation of
6 Article VII, section 10, of the Constitution of the
7 State of Iowa by fully funding the natural resources
8 and outdoor recreation trust fund as created in section
9 461.31, pursuant to Article VII, section 10, of the
10 Constitution of the State of Iowa.

11 Sec. _____. EFFECTIVE DATE. This division of this
12 Act takes effect July 1, 2017.

13 DIVISION ____

14 INCOME TAXES

15 Sec. _____. Section 422.5, subsection 1, Code 2016,
16 is amended by adding the following new paragraph:

17 NEW PARAGRAPH. *0j.* (1) For each tax year
18 beginning in the period beginning January 1, 2018, and
19 ending December 31, 2029, the department of revenue
20 shall determine the amount of sales and use tax
21 revenues generated for the fiscal year ending June 30
22 during the applicable tax year from the increases in
23 the sales and use tax rates enacted in this Act, and
24 shall certify such amount to the governor and general
25 assembly.

26 (2) For each tax year beginning in the period
27 beginning January 1, 2018, and ending December 31,
28 2029, the rates of tax in paragraphs "a" through "i"
29 shall be reduced as provided in subparagraph (3) by an
30 amount that will in the aggregate reduce the individual
31 income tax revenues for the applicable tax year by the
32 dollar amount certified by the department of revenue
33 pursuant to subparagraph (1) for the relevant fiscal
34 year ending June 30 during the applicable tax year.

35 (3) (a) The rate reduction for a tax year shall be

1 accomplished by applying the applicable dollar amount
2 to a reduction in the rate imposed in paragraph "a",
3 but not below zero.

4 (b) If such rate reduction in subparagraph division
5 (a) does not accomplish the full rate decrease required
6 by subparagraph (2), the remaining applicable dollar
7 amount shall be applied to a reduction in the rate
8 imposed in paragraph "b", but not below zero.

9 (c) If such rate reduction in subparagraph
10 divisions (a) and (b) do not accomplish the full rate
11 decrease required by subparagraph (2), the remaining
12 applicable dollar amount shall be applied to a
13 reduction in the rate imposed in paragraph "c", but not
14 below zero.

15 (d) If such rate reduction in subparagraph
16 divisions (a) through (c) do not accomplish the
17 full rate decrease required by subparagraph (2), the
18 remaining applicable dollar amount shall be applied to
19 a reduction in the rate imposed in paragraph "d", but
20 not below zero.

21 (e) If such rate reduction in subparagraph
22 divisions (a) through (d) do not accomplish the
23 full rate decrease required by subparagraph (2), the
24 remaining applicable dollar amount shall be applied to
25 a reduction in the rate imposed in paragraph "e", but
26 not below zero.

27 (f) If such rate reduction in subparagraph
28 divisions (a) through (e) do not accomplish the
29 full rate decrease required by subparagraph (2), the
30 remaining applicable dollar amount shall be applied to
31 a reduction in the rate imposed in paragraph "f", but
32 not below zero.

33 (g) If such rate reduction in subparagraph
34 divisions (a) through (f) do not accomplish the
35 full rate decrease required by subparagraph (2), the

1 remaining applicable dollar amount shall be applied to
2 a reduction in the rate imposed in paragraph "g", but
3 not below zero.

4 (h) If such rate reduction in subparagraph
5 divisions (a) through (g) do not accomplish the
6 full rate decrease required by subparagraph (2), the
7 remaining applicable dollar amount shall be applied to
8 a reduction in the rate imposed in paragraph "h", but
9 not below zero.

10 (i) If such rate reduction in subparagraph
11 divisions (a) through (h) do not accomplish the
12 full rate decrease required by subparagraph (2), the
13 remaining applicable dollar amount shall be applied to
14 a reduction in the rate imposed in paragraph "i", but
15 not below zero.

16 (4) The rates of tax for paragraphs "a" through
17 "i", as determined under this paragraph for tax years
18 beginning on or after January 1, 2018, but before
19 January 1, 2029, shall only apply to the tax year
20 for which they are calculated. The rates of tax for
21 paragraphs "a" through "i", as determined under this
22 paragraph for the tax year beginning January 1, 2029,
23 shall apply to all tax years beginning on or after
24 January 1, 2029.

25 Sec. _____. Section 422.5, subsection 1, paragraph j,
26 Code 2016, is amended to read as follows:

27 j. (1) The tax imposed upon the taxable income
28 of a nonresident shall be computed by reducing the
29 amount determined pursuant to paragraphs "a" through
30 ~~"i"~~ "oj" by the amounts of nonrefundable credits under
31 this division and by multiplying this resulting amount
32 by a fraction of which the nonresident's net income
33 allocated to Iowa, as determined in section 422.8,
34 subsection 2, paragraph "a", is the numerator and the
35 nonresident's total net income computed under section

1 422.7 is the denominator. This provision also applies
2 to individuals who are residents of Iowa for less than
3 the entire tax year.

4 (2) (a) The tax imposed upon the taxable income
5 of a resident shareholder in an S corporation or of
6 an estate or trust with a situs in Iowa that is a
7 shareholder in an S corporation, which S corporation
8 has in effect for the tax year an election under
9 subchapter S of the Internal Revenue Code and carries
10 on business within and without the state, may be
11 computed by reducing the amount determined pursuant
12 to paragraphs "a" through ~~"i"~~ "oj" by the amounts
13 of nonrefundable credits under [this division](#) and by
14 multiplying this resulting amount by a fraction of
15 which the resident's or estate's or trust's net income
16 allocated to Iowa, as determined in section 422.8,
17 subsection 2, paragraph "b", is the numerator and the
18 resident's or estate's or trust's total net income
19 computed under [section 422.7](#) is the denominator. If
20 a resident shareholder, or an estate or trust with
21 a situs in Iowa that is a shareholder, has elected
22 to take advantage of this subparagraph (2), and for
23 the next tax year elects not to take advantage of
24 this` subparagraph, the resident or estate or trust
25 shareholder shall not reelect to take advantage of
26 this subparagraph for the three tax years immediately
27 following the first tax year for which the shareholder
28 elected not to take advantage of this subparagraph,
29 unless the director consents to the reelection. This
30 subparagraph also applies to individuals who are
31 residents of Iowa for less than the entire tax year.

32 (b) This subparagraph (2) shall not affect the
33 amount of the taxpayer's checkoffs under [this division](#),
34 the credits from tax provided under [this division](#), and
35 the allocation of these credits between spouses if

1 the taxpayers filed separate returns or separately on
2 combined returns.

3 Sec. _____. EFFECTIVE DATE. This division of this
4 Act takes effect January 1, 2018.

5 Sec. _____. APPLICABILITY. This division of this
6 Act applies to tax years beginning on or after January
7 1, 2018.

8 DIVISION ____

9 WATER QUALITY AND WATER QUALITY EXCISE TAX

10 Sec. _____. Section 16.134, Code 2016, is amended to
11 read as follows:

12 **16.134 Wastewater and drinking water treatment**
13 **financial assistance program.**

14 1. The Iowa finance authority shall establish and
15 administer a wastewater and drinking water treatment
16 financial assistance program. The purpose of the
17 program shall be to provide financial assistance
18 to enhance water quality. The program shall be
19 administered in accordance with rules adopted by
20 the authority pursuant to [chapter 17A](#). For purposes
21 of [this section](#), "*program*" means the wastewater and
22 drinking water treatment financial assistance program
23 and "*committee*" means the water quality financing
24 review committee created in subsection 9.

25 2. A wastewater and drinking water treatment
26 financial assistance fund is created and shall consist
27 of appropriations made to the fund and transfers
28 of interest, earnings, and moneys from other funds
29 as provided by law. Moneys transferred to the fund
30 pursuant to section 423G.6 are appropriated to the
31 authority for purposes of the program. Moneys in the
32 fund are not subject to [section 8.33](#). Notwithstanding
33 section 12C.7, subsection 2, interest or earnings on
34 moneys in the fund shall be credited to the fund.

35 3. Financial assistance under the program shall

1 be used to install or upgrade wastewater treatment
2 facilities and systems and drinking water treatment
3 facilities and systems, including source water
4 protection projects, and for engineering or technical
5 assistance for facility planning and design.

6 4. The authority committee shall ~~distribute~~ approve
7 financial assistance ~~in~~ from the fund in accordance
8 with the following:

9 ~~a. The goal of the program shall be to base awards~~
10 ~~on the impact of the grant combined with other sources~~
11 ~~of financing to ensure that sewer rates do not exceed~~
12 ~~one and one-half percent of a community's median~~
13 ~~household income.~~

14 ~~b. a. Communities shall be eligible for financial~~
15 ~~assistance by qualifying as~~ Priority shall be given
16 for projects in which a disadvantaged community ~~and~~
17 is seeking financial assistance for the installation
18 or upgrade of wastewater treatment facilities ~~due~~
19 ~~to regulatory activity by the department of natural~~
20 ~~resources and drinking water treatment facilities.~~

21 For purposes of this section, the term "*disadvantaged*
22 *community*" means the same as defined by the department.

23 ~~c. b.~~ Priority shall be given to projects in which
24 the meeting criteria established in section 455B.199B
25 in which the applicant seeks financial assistance ~~is~~
26 to be used to obtain with financing under the water
27 pollution control works and drinking water facilities
28 financing program pursuant to section 16.131 or other
29 federal, or state, or private financing.

30 ~~d. c.~~ Priority shall also be given to projects
31 whose completion will provide significant improvement
32 to water quality in the relevant watershed.

33 ~~e. d.~~ Priority shall also be given to communities
34 that employ an alternative wastewater treatment
35 technology pursuant to section 455B.199C.

1 ~~f.~~ e. Priority shall ~~be~~ also be given to those
2 communities where sewer or water rates are the highest
3 as a percentage of that community's median household
4 income.

5 ~~g.~~ f. Financial assistance in the form of grants
6 shall be issued on an annual basis.

7 ~~h.~~ g. An applicant shall not receive a grant that
8 exceeds five hundred thousand dollars.

9 h. Priority shall also be given to communities that
10 employ technology to address the latest version of the
11 "Iowa Nutrient Reduction Strategy" initially presented
12 in November 2012 by the department of agriculture and
13 land stewardship, the department of natural resources,
14 and Iowa state university of science and technology.

15 4A. A utility management organization formed
16 under chapter 28E or operated by a rural water system
17 organized under chapter 357A or chapter 504 shall be
18 considered eligible for financial assistance under the
19 program.

20 5. The authority in cooperation with the department
21 of natural resources shall ~~share~~ provide information
22 and resources to the committee when the committee is
23 determining the qualifications of a community for
24 financial assistance from the fund.

25 6. The authority shall enter into agreements with
26 financial assistance recipients and distribute moneys
27 under the program pursuant to financial assistance
28 determinations made by the committee. The authority
29 may use an amount of not more than ~~four~~ one percent of
30 any moneys appropriated for deposit in the fund for
31 administration purposes.

32 7. By October 1 of each year, the authority shall
33 submit a report to the governor and the general
34 assembly itemizing expenditures under the program
35 during the previous fiscal year.

1 8. a. Beginning September 1, 2026, and every
2 ten years thereafter, a program review committee is
3 established for purposes of reviewing the wastewater
4 and drinking water treatment financial assistance
5 program. By December 1 of the same year, the review
6 committee shall file a report with the governor and the
7 general assembly that reviews the effectiveness of the
8 program during the prior ten fiscal years.

9 b. The program review committee shall consist of
10 the following members:

11 (1) The governor or the governor's designee.

12 (2) The secretary of agriculture or the secretary's
13 designee.

14 (3) The executive director of the authority or the
15 executive director's designee.

16 (4) The director of the department of natural
17 resources or the director's designee.

18 (5) Four members of the general assembly, with
19 two from the senate and two from the house of
20 representatives and not more than one member from each
21 chamber being from the same political party. The two
22 senators shall be designated one member each by the
23 president of the senate, after consultation with the
24 majority leader of the senate, and by the minority
25 leader of the senate. The two representatives shall
26 be designated one member each by the speaker of the
27 house of representatives, after consultation with the
28 majority leader of the house of representatives, and by
29 the minority leader of the house of representatives.

30 c. Staffing services shall be provided by the
31 authority.

32 9. a. A water quality financing review committee
33 is created consisting of the secretary of agriculture
34 or the secretary's designee, the executive director of
35 the authority or the executive director's designee, and

1 the director of the department of natural resources or
2 the director's designee.

3 b. The committee shall review and approve or
4 deny applications for financial assistance under the
5 wastewater and drinking water treatment financial
6 assistance program established in this section.

7 Sec. _____. Section 423.3, Code 2016, is amended by
8 adding the following new subsection:

9 NEW SUBSECTION. 103. a. The sales price from
10 the sale or furnishing by a water utility of a water
11 service in the state to consumers or users.

12 b. For purposes of this subsection:

13 (1) *"Water service"* means the delivery of water by
14 piped distribution system.

15 (2) *"Water utility"* means a public utility as
16 defined in section 476.1 that furnishes water by piped
17 distribution system to the public for compensation.

18 Sec. _____. NEW SECTION. 423G.1 Short title.

19 This chapter may be cited as the *"Water Service Tax*
20 *Act"*.

21 Sec. _____. NEW SECTION. 423G.2 Definitions.

22 1. All words and phrases used in this chapter and
23 defined in section 423.1 have the same meaning given
24 them by section 423.1 for purposes of this chapter.

25 2. As used in this chapter, *"water service"* and
26 *"water utility"* mean the same as defined in section
27 423.3, subsection 103.

28 Sec. _____. NEW SECTION. 423G.3 Water service tax.

29 An excise tax at the rate of six percent is imposed
30 on the sales price from the sale or furnishing by
31 a water utility of a water service in the state to
32 consumers or users.

33 Sec. _____. NEW SECTION. 423G.4 Exemptions.

34 The sales price from transactions exempt from state
35 sales tax under section 423.3, except section 423.3,

1 subsection 103, is also exempt from the tax imposed by
2 this chapter.

3 Sec. _____. NEW SECTION. 423G.5 Administration by
4 director.

5 1. The director of revenue shall administer the
6 water service tax as nearly as possible in conjunction
7 with the administration of the state sales and use tax
8 law, except that portion of the law that implements the
9 streamlined sales and use tax agreement. The director
10 shall provide appropriate forms, or provide on the
11 regular state tax forms, for reporting water service
12 tax liability.

13 2. The director may require all persons who are
14 engaged in the business of deriving any sales price or
15 purchase price subject to tax under this chapter to
16 register with the department. The director may also
17 require a tax permit applicable only to this chapter
18 for any retailer not collecting, or any user not
19 paying, taxes under chapter 423.

20 3. Section 422.25, subsection 4, sections 422.30,
21 422.67, and 422.68, section 422.69, subsection 1,
22 sections 422.70, 422.71, 422.72, 422.74, and 422.75,
23 section 423.14, subsection 1, and sections 423.23,
24 423.24, 423.25, 423.31 through 423.35, 423.37 through
25 423.42, and 423.47, consistent with the provisions
26 of this chapter, shall apply with respect to the tax
27 authorized under this chapter, in the same manner and
28 with the same effect as if the excise taxes on the
29 sale or furnishing of a water service were retail
30 sales taxes within the meaning of those statutes.
31 Notwithstanding this subsection, the director shall
32 provide for quarterly filing of returns and for other
33 than quarterly filing of returns both as prescribed in
34 section 423.31. All taxes collected under this chapter
35 by a retailer or any user are deemed to be held in

1 trust for the state of Iowa.

2 Sec. _____. NEW SECTION. **423G.6 Deposit of revenues.**

3 1. All moneys received and all refunds shall be
4 deposited in or withdrawn from the general fund of the
5 state.

6 2. Subsequent to the deposit in the general fund
7 of the state, the department shall first transfer
8 one-sixth of the revenues collected under 423G.3 to
9 the secure an advanced vision fund created in section
10 423F.2, and then from the remaining revenues shall
11 transfer the following amounts to the wastewater and
12 drinking water financial assistance fund created in
13 section 16.134:

14 a. For revenues collected on or after July 1, 2017,
15 but before August 1, 2018, one-sixth of the revenues.

16 b. For revenues collected on or after August 1,
17 2018, but before August 1, 2019, one-third of the
18 revenues.

19 c. For revenues collected on or after August 1,
20 2019, but before August 1, 2020, one-half of the
21 revenues.

22 d. For revenues collected on or after August 1,
23 2020, but before August 1, 2021, two-thirds of the
24 revenues.

25 e. For revenues collected on or after August 1,
26 2021, but before August 1, 2022, five-sixths of the
27 revenues.

28 f. For revenues collected on or after August 1,
29 2022, one hundred percent of the revenues.

30 Sec. _____. NEW SECTION. **423G.7 Future repeal.**

31 This chapter is repealed July 1, 2029.

32 Sec. _____. EFFECTIVE DATE. This division of this
33 Act takes effect July 1, 2017.

34 DIVISION ____

35 NATURAL RESOURCES AND OUTDOOR RECREATION

1 Sec. _____. Section 461.2, Code 2016, is amended by
2 adding the following new subsection:

3 NEW SUBSECTION. 3A. "*Iowa nutrient reduction*
4 *strategy*" means the latest version of the "Iowa
5 Nutrient Reduction Strategy" initially presented in
6 November 2012 by the department of agriculture and land
7 stewardship, the department of natural resources, and
8 Iowa state university of science and technology.

9 Sec. _____. Section 461.11, Code 2016, is amended by
10 adding the following new subsections:

11 NEW SUBSECTION. 3. When collaborating in making
12 funding decisions for a subsequent fiscal year, the
13 heads of the departments receiving trust fund moneys
14 shall give a preference to supporting those initiatives
15 which are research-based water quality initiatives
16 that at least meet the state water quality objective
17 provided in section 461.31, subsection 1A.

18 NEW SUBSECTION. 4. When collaborating in making
19 funding decisions for a subsequent fiscal year, the
20 heads of the departments receiving trust fund moneys
21 shall determine the amount of trust fund moneys
22 required to be expended to support research-based water
23 quality initiatives in order to at least meet the state
24 water quality objective provided in section 461.31,
25 subsection 1A.

26 Sec. _____. Section 461.21, Code 2016, is amended by
27 adding the following new subsection:

28 NEW SUBSECTION. 1A. The auditor of state shall
29 notify the heads of the departments receiving trust
30 fund moneys whether the amount of trust fund moneys
31 expended to support research-based water quality
32 initiatives under this chapter for the fiscal year
33 subject to the audit has at least met the state
34 water quality objective provided in section 461.31,
35 subsection 1A. If the amount of trust fund moneys

1 expended to support research-based water quality
2 initiatives does not at least meet that state water
3 quality objective, the auditor of state shall notify
4 the heads of the departments of the percentage
5 shortfall.

6 Sec. _____. Section 461.22, Code 2016, is amended by
7 adding the following new subsection:

8 NEW SUBSECTION. 1A. The expenditures used to
9 support initiatives which are research-based water
10 quality initiatives that at least meet the state
11 water quality objective provided in section 461.31,
12 subsection 1A.

13 Sec. _____. Section 461.31, subsection 2, paragraph
14 d, Code 2016, is amended to read as follows:

15 d. Trust fund moneys shall only be used to
16 support voluntary initiatives and shall not be used
17 for regulatory efforts, enforcement actions, or
18 litigation. Trust fund moneys shall not be used as
19 part of an activity which involves condemning property
20 or otherwise exercising the power of eminent domain.

21 Sec. _____. Section 461.31, Code 2016, is amended by
22 adding the following new subsection:

23 NEW SUBSECTION. 1A. a. For each fiscal year, at
24 least sixty percent of the trust fund moneys credited
25 to the trust fund shall be exclusively expended to
26 support research-based water quality initiatives
27 under this chapter. A research-based water quality
28 initiative, includes but is not limited to a practice
29 described in the Iowa nutrient reduction strategy. In
30 addition, a research-based water quality initiative
31 must satisfy all the following:

32 (1) Have a life expectancy of more than twenty-four
33 months.

34 (2) Provide for multiple natural resource benefits.

35 b. If the auditor of state notifies the heads

1 of the departments receiving trust fund moneys of a
2 percentage shortfall as provided in section 461.21,
3 the percentage of trust fund moneys to support
4 research-based water quality initiatives shall be
5 adjusted for the fiscal year following the fiscal
6 year that the auditor provides the notification. The
7 amount of the adjustment shall be an amount necessary
8 to reach the sixty percent required to meet the water
9 quality objective as described in paragraph "a" plus a
10 percentage shortfall for each prior fiscal year that
11 has not been previously added to the sixty percent.

12 Sec. _____. Section 461.32, subsection 3, Code 2016,
13 is amended to read as follows:

14 3. The department of natural resources shall ~~to~~
15 ~~every extent possible~~ consider its comprehensive
16 plan provided in [section 456A.31](#) when making funding
17 decisions.>

18 2. By renumbering, redesignating, and correcting
19 internal references as necessary.

DAVID JOHNSON